



Budget Tidbits... just the facts

By Sen. Joe Zarelli, Ranking Republican
Senate Ways & Means

Budget Brief #5: (2/10/06) Inflating the Spending Limit

Gov. Gregoire uses the back-of-the-budget to inflate the spending limit, a move that may not be legal.

A. How the spending limit works (or is at least supposed to)

- Last session, myriad changes were made to the spending limit – removing the 2/3 requirement to raise taxes and changing the growth factor – but the law retained one core principle: the “spending limit” is based on the prior year’s actual spending plus the growth factor.

B. Inflating the limit to accommodate more spending

- Via the back-of-the-budget, Gov. Gregoire proposes to change this core principle. Namely, she proposes adding in money not spent when calculating the following year’s spending limit.
- **How it’s done:** The governor appropriates \$591 million to two new reserve accounts. Current law does not consider this spending – since the funds are *reserved*, not *spent*. But sec. 904 of the budget amends the limit to count these reserves as “spending” – **thus raising the limit by \$591 million.**
- **What’s the result?:** **Spending capacity increases by \$1.2 billion.**¹ Importantly this increased capacity not only allows higher spending this biennium but – starting from a higher base – permits an equivalent amount of higher spending in future biennia as well.
- **Why is this done?:** The governor’s desired spending level – \$504 million – could not be accommodated under the current limit. Rather than live within the limit, the governor proposes increasing it.
- **Philosophically Inconsistent:** On the one hand, the governor says the \$591 million is for reserves. Yet in the back of the budget she characterizes it as “spending” in order to raise the limit. Which is it?

C. Legal?

- Apart from the merits, a question arises whether the governor’s approach is constitutional.
 - Art. 2, Sec. 19 of the state constitution states no bill may embrace more than “one subject.” By amending the spending limit statutes in addition to making appropriations, the governor’s budget arguably embraces two subjects and runs afoul of the constitution.²

Bottom Line

The governor amends the spending limit in the back of the budget, creating capacity for \$1.2 B more spending in this and future budgets. This violates the spirit and possibly the letter of the law.

Plus it is philosophically inconsistent: money can’t be both “reserves” and “spending.”

Don’t the citizens deserve a more open and honest debate of the issue?

1. Sec. 904 creates \$591 M more authority in FY 06 & an add’l \$611 M in FY 07.

2. Rep. Gary Alexander has requested an AG opinion on the legality of secs. 904 & 905 of Gov. Gregoire’s budget (1/23/06)